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McFarlane Tells Of Reagan Role In Aid to Contras

Ex-Aide Indicates President May Have Been Involved In Soliciting Saudi Funds

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WASHINGTON—Testimony by former National Security Adviser Robert McFarlane indicates President Reagan may have been personally involved in obtaining large Saudi contributions for the Nicaraguan Contras in 1985, after Congress had banned U.S. aid to the insurgents.

Appearing before House and Senate committees investigating the Iran-Contra affair, Mr. McFarlane said the president met alone with Saudi Arabia's King Fahd in the White House family quarters during a visit by the Saudi leader to Washington in February 1985. Mr. McFarlane said he had no direct knowledge of what the two men discussed, but that within a few days the Saudis agreed to contribute an additional \$25 million to the Contras. He said that when he told Mr. Reagan of the Saudi pledge, the president's reaction was one of "gratitude, satisfaction, not of surprise."

The increased funding was crucial to financing subsequent arms purchases by the Contras. Mr. McFarlane also acknowledged that President Reagan played a role in negotiations to free one such weapons shipment delayed by another country in Central America.

The disclosures reflect the president's active support for the Contras even during the time Congress prohibited direct U.S. military aid to them. Mr. McFarlane described Mr. Reagan as directing his aides throughout the ban to help the Contras "hold body and soul together."

Destruction of Documents

Mr. McFarlane is regarded as a key witness both because of his proximity to the president and his close relationship with fired National Security Council aide Marine Lt. Col. Oliver North. Mr. McFarlane, dressed in a somber black suit and speaking in his familiar monotones, said under questioning that Col. North told him last November that documents pertaining to the Iran-Contra affair had to be destroyed after the diversion of funds from U.S. weapon sales to Tehran were disclosed.

Mr. McFarlane acknowledged that he failed to inform Attorney General Edwin Meese about what was described by Senate counsel Arthur Liman as a "shredding party." Mr. McFarlane said that on the day that Col. North was fired, he asked his former aide what happened. Col. North, Mr. McFarlane said, replied by indicating that Justice Department officials must have found a memo that somehow escaped the shredder.

Implicit Appeals

The investigating committees refused, as they have in the past, to identify Saudi Arabia by name, but the Mideast nation is known to have emerged as an early and prominent source of funds for the Contras soon after Congress cut off military aid in 1984. It funneled an estimated \$1 million a month to bank accounts of the Nicaraguan Democratic Force, the dominant Contra group, through the end of 1984. After the White House meeting, it paid approximately \$25 million—double the previous annual rate—in the first months of 1985.

Mr. McFarlane denied that the administration had directly solicited aid from Saudi Arabia. But he described a process of implicit appeals beginning as early as March 1984, when he and others had begun to cast about for alternative, foreign sources of funds for the Contras.

Mr. McFarlane said he first raised the issue unsuccessfully with one country—separately identified by administration officials as Israel—that had sought to play some role in U.S. development programs in the Caribbean. In a memo, released by the committees yesterday, Mr. McFarlane instructed an aide to apply subtle pressure concerning the Contra issue in discussions with Israeli officials.

"We will not press them on the question of assistance to the Contras," Mr. McFarlane wrote in the document, which was dated April 1984. "Please also let it be known that in your view, I am a little disappointed in the outcome." He added a postscript: "Destroy this memo."

A similar atmosphere of secrecy surrounded the administration's dealings with Saudi Arabia on the Contra issue. Mr. McFarlane said he informed the president—but sought to keep others from knowing—about the first Saudi contributions in 1984 by slipping Mr. Reagan a note card during his morning intelligence briefing.

Mr. McFarlane said he separately informed Vice President George Bush of the contributions, but he said he never told Secretary of State George Shultz of the Saudi role until 1986.

Intelligence sources have said Taiwan has contributed an estimated \$2 million for the Contras. Unlike the Saudi funds, which went directly to the Contras, this money

was funneled into Swiss accounts used by a private airlift operation overseen by Col. North.

A memo cited yesterday by Mr. Liman, the Senate counsel, indicates that the Marine officer may have asked a second National Security Council aide, Gaston Sigur, to help facilitate the contribution. Mr. Sigur, whose area of responsibility at the NSC included the Far East, now is assistant secretary of state for East Asian and Pacific affairs. He is scheduled to be called by the committees later this week.

Testimony, White House Files

Mr. McFarlane testified that Col. North hadn't informed him of his involvement in raising funds for the Contras from conservative donors in the U.S. The former national security adviser also said he wasn't familiar with the covert airlift operation Col. North initiated in late 1985 with retired Air Force Maj. Gen. Richard Secord.

But separately, investigators said that evidence from White House files indicates Mr. McFarlane was better informed. And the former national security adviser admitted yesterday that he had overlooked some details in messages he received from Col. North.

Mr. McFarlane conceded yesterday that he hadn't admonished Col. North for what he described as the former aide's sometimes "lurid" description of events. In one case in 1985, Col. North successfully pressed his boss to urge other top officials for increased U.S. aid to Guatemala. Col. North couched the request in a memo saying the Central American government deserved more assistance because it was helping to facilitate arms shipments to the Contras. Mr. McFarlane denied this was the reason he forwarded the request, but he said he never corrected Col. North on the matter.

Proposed Altering Memo

In his testimony, Mr. McFarlane revealed that in September 1985, Col. North proposed altering a March 16, 1985 memo in which he had suggested asking "current donors" to increase their contributions to the Contras. After four congressional committees began inquiries into Col. North's work on behalf of the Contras, Mr. McFarlane said, Col. North drafted two revised pages to the memo, one of which replaced the mention of dunning "current donors" with a recommendation that Congress be encouraged to remove its ban on official U.S. aid to the Contras. Mr. McFarlane said the changes were never made, however.

Mr. McFarlane also revealed for the first time that after Israel sold 508 TOW anti-tank missiles to Iran in September 1985, he was asked to choose which American being held in Lebanon should be released. Mr. McFarlane said he selected

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William Buckley, the Central Intelligence Agency station chief in Beirut. Instead, Iranian-backed terrorists released the Rev. Benjamin Weir, who later told U.S. intelligence officials that he believed Mr. Buckley had been tortured to death the previous June.

In answer to questions, Mr. McFarlane conceded that last November he helped doctor an official White House chronology of the Iran arms sales which deliberately distanced Mr. Reagan from the affair and "gilded the president's motives" for selling arms to Iran. The chronology, which was used to help prepare public and congressional statements on the Iran affair, concealed the fact that the administration agreed to sell arms to Iran primarily to win the release of American hostages in Lebanon. Mr. McFarlane left the government in December 1985.

Mr. McFarlane said that last Nov. 25, the day Col. North was fired, he asked his former aide whether the diversion of funds from the Iranian arms sales to the Contras had been approved. He said Col. North said it had been. But Mr. McFarlane said he never asked whether the president himself had given such authorization.

Mr. McFarlane told the committees he warned Col. North and other officials that unless the administration could produce a presidential directive or some other high-level authorization for the diversion, he couldn't imagine that the diversion was lawful.